

MARY CRANE LEAGUE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008  
TOGETHER WITH COMPARATIVE TOTALS FOR 2007  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Mary Crane League  
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of Mary Crane League (a non profit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the two years ended June 30, 2008. These financial statements are the responsibility of Mary Crane's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary Crane League as of June 30, 2008 and 2007, and the changes in its net assets, and its cash flows for the two years ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

*James Williams & Company, LLC*

Chicago, Illinois  
March 24, 2009

MARY CRANE LEAGUE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 347,998	\$ 409,836
Investments	419,980	406,777
Accounts receivable	110,853	168,244
Prepaid expenses and deposits	8,223	9,350
Total current assets	<u>887,054</u>	<u>994,207</u>
<b>PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation of \$430,620 in 2008 and \$388,965 in 2007</b>	<u>97,734</u>	<u>134,660</u>
Total assets	<u>984,788</u>	<u>1,128,867</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES:</b>		
Accounts payable	45,268	92,372
Accrued expenses	87,237	88,153
Advances from governmental agency	-	17,985
Total liabilities	<u>132,505</u>	<u>198,510</u>
<b>NET ASSETS:</b>		
Unrestricted	695,129	658,439
Temporarily restricted	15,000	129,764
Permanently restricted	142,154	142,154
Total net assets	<u>852,283</u>	<u>930,357</u>
Total liabilities and net assets	<u>\$ 984,788</u>	<u>\$ 1,128,867</u>

The accompanying notes to financial statements  
are an integral part of these statements.

## MARY CRANE LEAGUE

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTALS	
				2008	2007
<b>REVENUE AND SUPPORT:</b>					
Government grants and contracts	\$ -	\$ 1,530,942	\$ -	\$ 1,530,942	\$ 1,573,011
Contributions and grants	118,307	99,000	-	217,307	179,722
United Way of Chicago Allocation	-	-	-	-	80,824
Program service fees	85,371	-	-	85,371	65,752
Interest income	24,170	-	-	24,170	18,734
Other	5,916	-	-	5,916	2,409
Net assets released from restrictions:					
Satisfaction of program restrictions	1,744,706	(1,744,706)	-	-	-
Total revenue and support	1,978,470	(114,764)	-	1,863,706	1,920,452
<b>EXPENSES:</b>					
Program Services -					
Child Day Care Services	1,706,152	-	-	1,706,152	1,492,684
Total program services	1,706,152	-	-	1,706,152	1,492,684
Supporting Services -					
Management and general	175,578	-	-	175,578	181,656
Fund raising	60,050	-	-	60,050	15,691
Total supporting services	235,628	-	-	235,628	197,347
Total expenses	1,941,780	-	-	1,941,780	1,690,031
Changes in Net Assets	36,690	(114,764)	-	(78,074)	230,421
<b>NET ASSETS AT THE BEGINNING OF YEAR</b>	658,439	129,764	142,154	930,357	699,936
<b>NET ASSETS AT THE END OF YEAR</b>	\$ 695,129	\$ 15,000	\$ 142,154	\$ 852,283	\$ 930,357

The accompanying notes to financial statements are an integral part of this statement.

MARY CRANE LEAGUE  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2008 AND 2007

<u>OPERATING ACTIVITIES</u>	<u>2008</u>	<u>2007</u>
Changes in Net Assets	\$ (78,074)	\$ 230,421
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	41,655	39,011
Changes in operating assets and liabilities:		
(Increase) decrease in assets -		
Accounts receivable	57,391	(94,511)
Prepaid expenses and deposits	1,127	4,469
Increase (decrease) in liabilities -		
Accounts payable	(47,104)	30,115
Accrued expenses	(916)	43,555
Advances from governmental agency	(17,985)	11,196
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(43,906)</u>	<u>264,256</u>
<u>INVESTING ACTIVITIES</u>		
Acquisition of property and equipment	(4,729)	(87,265)
(Increase) decrease in investments	(13,203)	(20,408)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(17,932)</u>	<u>(107,673)</u>
Increase in cash and cash equivalents	(61,838)	156,583
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>409,836</u>	<u>253,253</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 347,998</u>	<u>\$ 409,836</u>

The accompanying notes to financial statements  
are an integral part of these statements.

## MARY CRANE LEAGUE

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	PROGRAM SERVICES		SUPPORTING SERVICES		COMBINED TOTALS	
	CHILD DAY CARE SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	2008	2007
Salaries	\$ 1,005,982	\$ 49,155	\$ -	\$ 49,155	\$ 1,055,137	\$ 975,557
Payroll taxes	79,202	4,169	-	4,169	83,371	70,715
Employee benefits	93,825	11,948	-	11,948	105,773	108,421
Total employees compensation	1,179,009	65,272	-	65,272	1,244,281	1,154,693
Professional fees	59,956	61,296	59,782	121,078	181,034	100,346
Special Assistance	-	-	268	7,511	77,757	6,865
Supplies	70,246	7,243	-	935	9,475	56,345
Activities/Admissions	8,540	935	-	255	99,231	3,972
Food	98,976	255	-	1,446	1,604	104,675
Postage and shipping	158	1,446	-	3,068	22,437	966
Telephone	19,369	3,068	-	8,306	127,439	19,520
Occupancy	119,133	8,306	-	-	-	95,949
Equipment purchases, maintenance and repair	49,835	11,309	-	11,309	61,144	39,978
Printing	1,964	3,319	-	3,319	5,283	5,790
Transportation	11,392	314	-	314	11,706	5,880
Conference, conventions & meetings	3,918	1,527	-	1,527	5,445	4,896
Staff development	14,133	2,616	-	2,616	16,749	10,005
Dues & subscriptions	508	125	-	125	633	950
Insurance	23,597	996	-	996	24,593	30,427
Parent Involvement	6,636	-	-	-	6,636	2,628
Advertising	25	500	-	500	525	148
Miscellaneous	1,057	3,096	-	3,096	4,153	6,987
Total expenses before depreciation	1,668,452	171,623	60,050	231,673	1,900,125	1,651,020
Depreciation expense	37,700	3,955	-	3,955	41,655	39,011
Total expenses	\$ 1,706,152	\$ 175,578	\$ 60,050	\$ 235,628	\$ 1,941,780	\$ 1,690,031

The accompanying notes to financial statements are an integral part of this statement.

MARY CRANE LEAGUENOTES TO FINANCIAL STATEMENTSTWO YEARS ENDED JUNE 30, 2008 AND 2007(1) SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES:

Mary Crane League (Center) is an Illinois not-for-profit organization, licensed by the State of Illinois to operate a day care center. The Center provides these services primarily from funding received from the Illinois Department of Human Services (IDHS), the City of Chicago's Department of Children and Youth Services (CYS), the Chicago Board of Education, the Illinois State Board of Education (ISBE), United Way of Chicago and unrestricted contributions.

Method of Accounting -

The Center uses the accrual method of accounting where revenue is recognized when earned and expenses are recognized as obligations are incurred.

Income Taxes -

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Grants and Contributions -

Unrestricted grants and contributions are recorded as revenue in the year received. Donor restricted amounts are reported as temporarily restricted support when received. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property and Equipment -

Property and equipment are recorded at acquisition cost or appraised value at date of donation with normal repair and maintenance items being charged to operating expenses as incurred. Property and equipment consists of the following as of June 30, 2008 and 2007:

<u>Description</u>	<u>2008</u>	<u>2007</u>
Equipment	\$ 282,003	\$ 281,424
Furniture	3,541	3,541
Leasehold Improvements	<u>242,810</u>	<u>238,660</u>
Total	528,354	523,625
Less accumulated depreciation	<u>(430,620)</u>	<u>(388,965)</u>
	<u>\$ 97,734</u>	<u>\$ 134,660</u>

Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 7 years for property and equipment. Leasehold improvements are amortized on a straight-line method over 10 years. Depreciation expense for 2008 and 2007 aggregated \$41,655 and \$39,011, respectively.

Investments -

Investments consist primarily of certificates of deposits recorded at cost, plus accrued interest.

(2) PENSION PLAN:

The Center has a defined contribution annuity retirement plan through Mutual of America covering employees who have completed 1,000 hours in a consecutive twelve-month period. Total pension expense for 2008 and 2007 aggregated \$30,612 and \$36,073, respectively.

**(3) LEASE COMMITMENTS:**

The Center has entered into three (3) lease agreements with the Chicago Housing Authority (CHA) for program space whereby the Center shall pay a combined nominal monthly rental fee of \$10 and a utility fee of \$55 per month at one location. In addition, the Center is responsible for all maintenance and certain utility expenses. The leases expire on various dates through February, 2062.

The Center entered into a five-year lease agreement with The United Church of Rogers Park for program space. The lease is effective for the period July 1, 2006 through June 30, 2010, with annual increases not to exceed 15% each year of the agreement. In 2009, Mary Crane leased two additional spaces to expand its day care programs. Each lease is effective for the period July 1, 2008 to June 30, 2013.

The minimum future base rental commitment at June 30, 2008 is payable as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 255,756
2010	255,756
2011	202,296
2012	202,296
2013	<u>202,296</u>
Total minimum commitment	<u>\$1,118,400</u>

Rent expense for 2008 and 2007 aggregated \$51,231 and \$50,676, respectively.

**(4) COMPARATIVE BALANCES:**

The comparative balances for 2007 in the statements of activities and functional expenses are included to provide a basis for comparison with 2008 and present summarized totals only.